

# FISCAL NOTE

## SB 1113 - HB 1097

March 14, 2005

**SUMMARY OF BILL:** Authorizes the Commissioner of the Department of Finance and Administration (F&A) to enter into multi-state discussions and agreements concerning the formation of a multi-state purchasing pool for prescription drugs and other pharmaceuticals. Requires the Comptroller of the Treasury to approve any agreements negotiated by the Commissioner of F&A.

### ESTIMATED FISCAL IMPACT:


**Other Fiscal Impact – To the extent the state enters into a multi-state agreement, state expenditures could be reduced by as much as \$1,000,000 per year.**

Assumptions:

- To the extent the state enters into a multi-state agreement savings could be realized from increased purchasing power and efficiency, improved benefit management, lower price and enhanced drug rebates based on volume, shared technological and analytical capabilities related to pharmaceutical data, and the sharing of administrative fees.
- According to the U.S. Department of Health and Human Services, Michigan, Vermont, New Hampshire, Alaska, and Nevada entered into a purchasing pool agreement in 2004. Estimated state savings were \$8.0 million, \$1.0 million, \$250,000, \$1.0 million, and \$1.9 million respectively.
- Determining a precise decrease in state expenditures attributable to Tennessee entering into a multi-state purchasing pool agreement is especially difficult. However, state expenditures can be reasonably estimated to decrease by as much as \$1,000,000 per year based on other state estimates.

### CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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